

105TH CONGRESS
1ST SESSION

H. R. 1293

To enhance international security by using the resources and expertise of the international financial institutions and the United Nations to redirect world military spending to human development.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 1997

Mr. KENNEDY of Massachusetts (for himself, Mr. DELLUMS, Mr. MILLER of California, Ms. MCKINNEY, and Ms. FURSE) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To enhance international security by using the resources and expertise of the international financial institutions and the United Nations to redirect world military spending to human development.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Demilitarization Act
5 of 1997”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) The world's governments spend
4 \$840,000,000,000 each year to support military
5 forces of more than 23,000,000 soldiers.

6 (2) This expenditure for achieving security has
7 itself become a serious threat to security, absorbing
8 11 percent of all government expenditures at a time
9 when citizens in both developed and developing coun-
10 tries face sharp cuts in programs—such as health,
11 education, research, and job training—that provide
12 the human building blocks for our common future.

13 (3) The United States and other developed na-
14 tions bear significant responsibility for excessive
15 military expenditures, accounting for 77 percent of
16 world military spending and for 94 percent of arms
17 transfers to developing nations, with the United
18 States being the world's leader in both categories.

19 (4) The United States and other developed na-
20 tions jointly have a controlling vote in the Inter-
21 national Monetary Fund, the International Bank for
22 Reconstruction and Development, and other inter-
23 national financial institutions that have subsidized
24 excessive military spending in numerous countries by
25 exempting the military portions of a country's budg-
26 et from audit and assessment.

1 (5) Developing nations also bear significant re-
2 sponsibility for excessive military expenditures,
3 spending \$191,000,000,000 each year, or 4 times all
4 receipts of foreign aid from all sources.

5 (6) In the developing world, where more than
6 900,000,000 people cannot read or write, military
7 spending is nearly as high as spending on education.

8 (7) In the developing world, where
9 1,000,000,000 people never see a health professional
10 and where more than 2,000,000 children die each
11 year of preventable infectious diseases, military
12 spending is higher than spending on health.

13 (8) The lack of transparency, to both a coun-
14 try's citizens and to international financial institu-
15 tions, of the military budget and of military owner-
16 ship or other forms of involvement in the civilian
17 economy provides refuge for corruption and under-
18 cuts the international financial institutions' efforts
19 to promote "good governance".

20 (9) Ownership of businesses and investment
21 funds and other types of financial interests of armed
22 forces in the civilian sector of the economy in coun-
23 tries as diverse as Chile, China, Ecuador, Guate-
24 mala, and Indonesia distorts prices and reduces
25 competition, and also increases the political power of

1 armed forces, thereby posing a threat to the transi-
2 tion to economic and political freedom in the devel-
3 oping world that is a primary goal of United States
4 foreign policy.

5 (10) Top-ranking United States and inter-
6 national officials, including the Secretary of the
7 Treasury, the President of the World Bank, and the
8 Managing Director of the International Monetary
9 Fund, have publicly recognized the urgent need to
10 reduce world military spending, and pledged to make
11 policy changes in their institutions to promote reduc-
12 tions.

13 (11) Congress and the President have also
14 made the reduction of world military spending a goal
15 of United States foreign policy, and provided for the
16 use of the financial resources and technical capabili-
17 ties of the international financial institutions to
18 achieve that goal, by enacting—

19 (A) section 60 of the Bretton Woods
20 Agreements Act, which requires the United
21 States Executive Director at the International
22 Monetary Fund to report on methods to pro-
23 mote reductions in military spending;

24 (B) the Foreign Operations, Export Fi-
25 nancing, and Related Programs Appropriations

1 Act, 1993, which, in its statement of managers,
2 urges United States executive directors at all
3 the international financial institutions to use
4 the United States voice and vote to promote re-
5 ductions in military spending;

6 (C) section 570 of the Foreign Operations,
7 Export Financing, and Related Programs Ap-
8 propriations Act, 1994, which requires the
9 State Department to report on countries' ef-
10 forts to reduce military spending, including re-
11 gional force reduction talks; and

12 (D) section 1502 of the International Fi-
13 nancial Institutions Act, which requires United
14 States executive directors at the international
15 financial institutions to take into account, when
16 deciding on loan proposals, the proposed recipi-
17 ent's commitment to providing accurate military
18 spending data and ending military involvement
19 in the civilian economy.

20 (E) section 576 of the Foreign Operations,
21 Export Financing, and Related Programs Ap-
22 propriations Act, 1997, which states that begin-
23 ning three years after the date of enactment of
24 this Act, the United States Executive Director
25 of each international financial institution must

1 use the voice and vote of the United States to
2 oppose any loan or other utilization of the funds
3 of their respective institutions, other than to
4 address basic human needs, for the government
5 of any country which the Secretary of the
6 Treasury determines—

7 (i) does not have in place a function-
8 ing system for a civilian audit of all re-
9 ceipts and expenditures that fund activities
10 of the armed forces and security forces;

11 (ii) has not provided a summary of a
12 current audit to the institution.

13 (12) Despite these high-level statements and re-
14 quirements in law, no significant progress has been
15 made in establishing either a mechanism for regional
16 talks on mutual military reductions or mechanisms
17 within the international financial institutions for—

18 (A) verifying through accepted auditing
19 procedures the accuracy of reported military
20 budgets;

21 (B) receiving and assessing the justifica-
22 tion for various expenditures within military
23 budgets as well as the overall trends and
24 amounts of such expenditures; and

1 (C) ending military ownership and finan-
2 cial interests in the civilian economy.

3 (13) Dr. Oscar Arias, former President of
4 Costa Rica and 1987 Nobel Peace Laureate, has
5 joined with over 80 citizens' groups around the
6 world to propose a practical plan to achieve the
7 goals of these high-level statements and require-
8 ments in law, The Year 2000 Campaign to Redirect
9 World Military Spending to Human Development,
10 which contains the following 6 proposals:

11 (A) The Security Council and General As-
12 sembly of the United Nations call on all nations
13 to commit to meeting with their neighbors to
14 identify and implement confidence-building
15 measures and mutual reductions in military
16 threats that will reduce the likelihood of future
17 conflicts. These nations will seek to achieve sub-
18 stantial reductions in military forces and ex-
19 penditures by the year 2000.

20 (B) Special envoys be appointed by the
21 United Nations Secretary-General to organize
22 these demilitarization talks in various regions of
23 the world.

24 (C) Every nation meet with its regional
25 envoy to present plans for regional security at

1 reduced force levels. These nations will also
2 participate in negotiations guided by the envoy
3 in order to identify military capacities and im-
4 plement mutual force reductions. Such negotia-
5 tions will reduce the threat that nations pose to
6 each other due to the size, proximity, and tech-
7 nological sophistication of their armed forces.

8 (D) With savings from reduced military
9 spending, all nations, in cooperation with grass-
10 roots organizations, implement economic re-
11 forms related to demilitarization, such as the
12 conversion of military to non-military produc-
13 tion, landmine clearance, community recon-
14 struction, and the reintegration of demobilized
15 soldiers.

16 (E) In support of the steps taken toward
17 demilitarization by developing countries, indus-
18 trialized nations condition their bilateral and
19 multilateral aid to promote demilitarization.
20 They will exchange debt forgiveness for military
21 conversion efforts, provide special funding for
22 programs to assist the demilitarization process,
23 promote full transparency and reductions in
24 military budgets, and bring about the end of
25 military involvement in the civilian economy.

1 (F) All arms-exporting nations agree to a
2 Code of Conduct on arms transfers that would
3 bar exports to nondemocratic governments,
4 countries engaged in armed aggression in viola-
5 tion of international law, countries that do not
6 fully participate in the United Nations Register
7 of conventional arms, and governments permit-
8 ting gross violations of internationally recog-
9 nized human rights.

10 (14) Citizens around the world are signing The
11 Arias Peace Pledge and communicating to their gov-
12 ernments their support for the proposals of The
13 Year 2000 Campaign to Redirect World Military
14 Spending to Human Development.

15 (15) The United Nations is expected to consider
16 crucial components of this 6-point plan.

17 **SEC. 3. PURPOSE.**

18 The purpose of this Act is to enhance international
19 security by using the resources and expertise of the inter-
20 national financial institutions and the United Nations to
21 redirect world military spending to human development.

22 **SEC. 4. SPECIAL ENVOYS FOR MUTUAL DISARMAMENT.**

23 The President shall instruct the United States Am-
24 bassador to the United Nations to support in the Security

1 Council, the General Assembly, and other United Nations
2 bodies, resolutions and other efforts to—

3 (1) appoint special envoys for conflict preven-
4 tion to organize and conduct, in cooperation with ap-
5 propriate multilateral institutions, mutual disarm-
6 ament talks in every region of the world in which
7 all nations would participate, and to report to inter-
8 national financial institutions on the degree of co-
9 operation of governments with these talks;

10 (2) commit each member state to agree to meet
11 with its regional special envoy within 3 months of
12 appointment to deliver and discuss its proposal for
13 regional (and, where appropriate, international) con-
14 fidence-building measures, including mutual reduc-
15 tions in the size, proximity, and technological sophis-
16 tication of its and other nations' armed forces, that
17 would lead to significant cuts in threat levels and
18 military spending; and

19 (3) commit each member state to agree to con-
20 tinue meeting with the special envoy and such re-
21 gional bodies and states as the special envoy shall
22 suggest to complete negotiations on such confidence-
23 building measures, with the goal of making signifi-
24 cant cuts in military spending by the year 2000.

1 **SEC. 5. ALTERNATIVE SECURITY PLAN.**

2 Within 3 months after the date of the enactment of
3 this Act, the President shall prepare and deliver to the
4 Congress and to the Secretary General of the United Na-
5 tions a report as described in section 4(2) that would de-
6 tail the changes in other nations' forces and United States
7 forces that would permit by the year 2000 a dramatic re-
8 duction in United States military spending.

9 **SEC. 6. SENSE OF THE CONGRESS.**

10 It is the sense of the Congress that—

11 (1) the United States should not provide eco-
12 nomic assistance, military assistance, or approve
13 arms transfers or related training, to any foreign
14 government at any time during which the United
15 States is opposing loans to that foreign government
16 at international financial institutions pursuant to
17 section 576 of the Foreign Operations, Export Fi-
18 nancing, and Related Programs Appropriations Act,
19 1997.

20 (2) the President should designate the United
21 States Agency for International Development to be
22 the lead agency for the determinations made pursu-
23 ant to section 576 (also section 15027); and

24 (3) the President should report annually to the
25 Congress on the progress made by international fi-
26 nancial institutions in integrating military spending

1 issues such as those raised in this Act into the loan
2 review process of such international financial institu-
3 tions.

